



proposed excerpts of testimony to be stricken
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01/20/2015 01:39 PM

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USDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: January 21, 2015

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1 Attachment



1.20.15 proposed excerpts to be stricken.pdf

1/21/15

Please find attached highlighted excerpts of SA Der-Yeghiayan's testimony that the Government respectfully requests be stricken from the record in accordance with the Court's ruling from this morning. Thank you.

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1 Q. So you wanted to know from Agent Tarbell whether they had
2 physical surveillance because you said that not logging into
3 IRC for over two days is unusual for DPR, right?
4 A. Yes.
5 Q. There is also something else. Do you recall that on the
6 29th, which is two days before, that you noticed someone with a
7 username peaceloveharmony was what you called sitting on DPR's
8 profile for a couple of hours; do you recall that?
9 A. If I could see something that would help me recollect?
10 (Pause)
11 Q. I show you what's marked 3505-00775, and just ask you,
12 again, read from the bottom to the top, essentially.
13 A. Sure.
14 (Pause)
15 I recall this.
16 Q. Thank you. So there was a period on the 29th of September,
17 2013, where someone with a username or a screen name
18 peaceloveharmony was what you called sitting on DPR's account?
19 A. Yeah. There was from the forums, on the Silk Road forums,
20 there is a way to see what users were viewing actively in the
21 forums, and what I mean by "sitting" on an account, they were
22 viewing the profile of Dread Pirate Roberts for an extended
23 period of time.
24 Q. And so you asked the people on the arrest team as to
25 whether it was any of them, essentially, right?

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1 A. If there was anyone else that was monitoring him.
2 Q. Right. And they said no, that it was not them?
3 A. Right. The responses I got from the other agents that I
4 was working with said no.
5 Q. Right. Your conclusion was that it might be law
6 enforcement, some other law enforcement that you were unaware
7 of?
8 A. I suspected, yes.
9 Q. But it didn't have to be law enforcement, it could have
10 been anyone?
11 A. It could have been anyone, yea.
12 Q. But it was unusual, right; it wasn't typical activity that
13 someone would be monitoring that profile for that extended
14 period of time?
15 A. I didn't actually watch them for a long time. I was
16 watching his account and watching the forums more vigilantly,
17 actively for the last few days. So that's why I took notice of
18 that.
19 Q. And you had spent a fair amount of time yourself as law
20 enforcement doing that very thing, right, sort of trolling
21 through that account for periods, right?
22 A. And watching it, yes.
23 Q. While you were doing that, were other people doing it at
24 the same time? Do you recall anyone else doing it?
25 A. Generally me. I believe Special Agent Gary Alford also was

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1 watching the account on the forums as well.
2 Q. But he wasn't peaceloveharmony; we don't know who that is?
3 A. I said it to him and he said no.
4 Q. I just said, we don't know who peaceloveharmony is?
5 A. I don't know who peaceloveharmony is.
6 Q. Now, is it fair to say that the Silk Road site, that users,
7 both vendors and purchasers, were extremely security conscious?
8 A. A lot of them were, yes.
9 Q. And there was a lot of talk on the forum about keeping
10 track of law enforcement infiltration or attempts to infiltrate
11 the site?
12 A. There was discussions about that, yes.
13 Q. And they actively discussed prior arrests and what happened
14 to people and rumors and all of that kind of stuff?
15 A. There would be discussions about that regularly on the
16 forums.
17 Q. Would you say they were very motivated in finding out more
18 about what law enforcement is doing with the Silk Road?
19 A. There was a lot of discussion. If there was anyone that
20 would ever bring up something that would occur with law
21 enforcement, then they would like to discuss that a lot.
22 Q. Now, in April of 2012, you believe you had identified some
23 Silk Road bitcoin accounts, correct?
24 A. That would be correct.
25 Q. And you were working to further identify the people behind

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1 them, right?
2 A. That is correct.
3 Q. And sometime in the summer, maybe July of 2012, you
4 believed that you had identified the person, right?
5 A. I believe that I had a good target for it, potentially.
6 Q. A good target, Mark Karpeles, right?
7 A. Karpeles and an associate of his.
8 Q. Right. Ashley Barr, correct?
9 A. Correct.
10 Q. Karpeles is K-a-r-p-e-l-e-s.
11 Mark Karpeles is a French citizen, right?
12 A. That is correct.
13 Q. He lives in Japan, right?
14 A. He does.
15 Q. He is also the owner of Mt. Gox, correct, the bitcoin
16 exchange?
17 A. That is correct.
18 Q. And he bought Mt. Gox I think in 2009?
19 A. I think it was 2010.
20 Q. OK. But you thought that -- what you had concluded there
21 was that Karpeles was essentially behind Silk Road but that his
22 associate Ashley Barr was DPR?
23 A. There was -- Karpeles' English that I could see from his --
24 the things he would write online did not match the level of
25 English skills that Dread Pirate Roberts possessed. So I

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<p>F1fdulb5 Der-Yeghiayan - cross Page 491</p> <p>1 thought it was someone else close to him, and there was a 2 person that shared some of the same viewpoints that was working 3 for him by the name of Ashley Barr that I suspected. 4 Q. He was a Canadian, right? 5 A. He was a Canadian citizen. 6 Q. And has a degree in computer science, right? 7 A. He has computer science degrees, yes. 8 Q. And he is also Karpeles' right-hand man, or was at the 9 time, right? 10 A. He was. 11 Q. And so as a result you built up quite a large list of 12 information to lead you to that, right? 13 A. There is little bits and pieces of evidence that was 14 pointing the investigation towards them, yes. 15 Q. And -- well, did you say we had built up quite a large list 16 of information to lead us to this? 17 A. It was, yeah, a lot of little pieces, a list of exhibits. 18 It was a lot of little things that added up to it. 19 Q. The question is did you not say inside Homeland Security 20 Investigations, HSI, we had built up quite a large list of 21 information to lead us to this? 22 A. That sounds right. 23 Q. And you also didn't want anybody reaching out to Karpeles, 24 right? 25 A. There was other --</p>	<p>F1fdulb5 Der-Yeghiayan - cross Page 493</p> <p>1 you realized, as we all do at some point in our lives, that you 2 left out the word "not," right? 3 A. There might have been an occasion like that. 4 Q. You had to send a quick email to say not to -- 5 A. Not to, I think, maybe contact -- 6 Q. Right. That was an important facet of the investigation, 7 obviously, is to keep it as confidential and as close as 8 possible as you gathered more information? 9 A. That is correct. 10 Q. And at some point because -- withdrawn. 11 It came to your knowledge that there were other 12 investigations of Silk Road going on around the country, right? 13 Other agencies, other offices, I mean, were investigating Silk 14 Road, right? 15 A. That is correct. 16 Q. And you -- when I say "you," HSI, and yourself as a part of 17 HSI, were operating with or working in tandem with the U.S. 18 Attorney's Office in the Northern District of Illinois, right? 19 A. We were docketed there originally, yes. 20 Q. You did that in Chicago, right? 21 A. Right. 22 Q. So that is where you were running your investigation out 23 of. Those were the assistant U.S. attorneys that you were 24 talking to and keeping them advised of your progress? 25 A. That is correct.</p>
<p>F1fdulb5 Der-Yeghiayan - cross Page 492</p> <p>1 Q. Just let me ask because I will get to that. 2 A. OK. 3 Q. I want to get to -- 4 A. Other law enforcement I didn't want reaching out. 5 Q. Right. You were worried that if someone reached out or did 6 something that Karpeles might find out, it could impair the 7 investigation? 8 A. Correct. 9 Q. Right. So -- and in fact, you let people know within law 10 enforcement that Karpeles, he closely monitors everything, all 11 of his websites? 12 A. That is correct. 13 Q. And that you thought that a lot of the websites he ran -- 14 and he ran a lot of websites, right? He had a lot of domain 15 names and things like that within his control? 16 A. He hosted a lot of websites, yes. 17 Q. So you advised avoiding visiting them since many of them 18 appeared to be fronts and that Karpeles is actively tracking 19 them? 20 A. That is correct. 21 Q. So that if someone went on and wasn't sufficiently 22 disguised, then he might recognize it as law enforcement and 23 then again impair the investigation? 24 A. That is correct. 25 Q. In fact, in August of 2012 you sent out an email and then</p>	<p>F1fdulb5 Der-Yeghiayan - cross Page 494</p> <p>1 Q. And there are obviously other U.S. attorneys offices around 2 the country and other agencies that were not necessarily either 3 aware or in contact with Chicago about what they were doing? 4 A. There was, yeah, we were doing our best to try to 5 deconflict with other districts. 6 Q. At some point you learned that Baltimore had an 7 investigation, right? 8 A. That is correct. 9 Q. And, actually, you learned that from Agent Alford? 10 A. No. Baltimore, the HSI agent that originally opened the 11 case and their supervisor came to Chicago originally to talk to 12 us about their investigation and about working together. 13 Q. It wasn't in August of 2012 that someone from the Organized 14 Crime Task Force told you that Chicago had input the same 15 information about Karpeles as a target as you had? 16 A. I was notified of that, about Karpeles, later on, but I 17 knew of their investigation long before that, though. 18 Q. And in January of 2013 you got permission to open up an 19 undercover bank account to try to move money through Mt. Gox, 20 the bitcoin exchanger, just to remind everybody, right? It is 21 the largest bitcoin exchanger, right? 22 A. It was at the time. 23 Q. It was at the time. 24 And other companies owned by Karpeles, right? 25 A. That is correct.</p>

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1 Q. And so you got permission to do that?

2 A. I got permission to open up under our investigation an

3 undercover bank account, yes.

4 Q. Right. Now, Karpeles is also a computer developer systems

5 administrator, right?

6 A. That is correct.

7 Q. Self-proclaimed hacker?

8 A. That is correct.

9 Q. Who brags about his hacking in Twitter and other social

10 media.

11 A. He does.

12 Q. And he has control over hundreds of websites and companies,

13 or had at the time in 2012/2013?

14 A. He did have hosting services, yes.

15 Q. And you believed him to be the mastermind behind keeping

16 Silk Road secure and operating?

17 A. He had ties to the original silkroadmarket.org website.

18 Q. But my question is did you not say that you believed him to

19 be the mastermind behind keeping the website secure and

20 operating?

21 A. He had the credentials to do so, yes.

22 Q. But did you say that?

23 A. I would have said that, yes.

24 Q. And that Ashley Barr was acting as the voice of the website

25 under the name Dread Pirate Roberts?

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1 A. That's what I suspected, yes.

2 Q. Now, in April of 2013, Chicago initiated -- when I say

3 "Chicago," HSI Chicago, your office, right -- initiated an

4 undercover purchase from Silk Road using Mt. Gox and another

5 Karpeles company as the bitcoin exchange?

6 A. Yeah. We did an exchange through two different ways.

7 Q. Part of the purpose of that was to -- withdrawn.

8 You also suspected that Karpeles was running an

9 unlicensed money exchange operation, right?

10 A. I did.

11 Q. And so this could be a way of establishing jurisdiction to

12 charge him with that in Chicago?

13 A. Yes, it was.

14 Q. And in May of 2013, HSI Chicago issued a grand jury

15 subpoena to a company called Dwolla, right, D-w-o-l-l-a?

16 A. That is correct.

17 Q. And that is an online payment processing system?

18 A. Yeah. It's like an online wire transfer company.

19 Q. It is based in the United States, right?

20 A. I believe so, yes. It has service in the United States.

21 Q. It was a way that Mt. Gox used to transfer money

22 essentially in and out of the U.S.?

23 A. It was one of the ways that they offered to either withdraw

24 or deposit funds.

25 Q. And bitcoin, right? It was part of the bitcoin exchange

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1 process that Mt. Gox used?

2 A. It was used for just the money part of it to withdraw.

3 Q. And that was -- and the subpoena was with regard to a

4 Karpeles company called -- and I will spell it -- M-u-t-u-m,

5 new word, S-i-g-i-l-l-u-m?

6 A. Mutum Sigillum.

7 Q. Right. That was what the subpoena was for, the records for

8 that company, right?

9 A. Correct.

10 Q. And the grand jury subpoena keeps the investigation secret

11 and confidential, right?

12 A. Correct.

13 Q. Within law enforcement only?

14 A. Right.

15 Q. Then you find out the next day, May 10, 2013, that

16 Baltimore had seized the -- how do you pronounce it, the Mutum

17 Sigillum?

18 A. Mutum Sigillum.

19 Q. -- Mutum Sigillum that HSI Baltimore had seized \$2 million

20 in that company's account, right?

21 A. They notified me by phone, yeah.

22 Q. Then it was apparent to Karpeles that the U.S. government

23 had him on its radar, right?

24 A. That is correct.

25 Q. This is May of 2013, right?

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1 A. I believe so, yes.

2 Q. May 10th.

3 In fact, there were newspaper articles about it,

4 right?

5 A. It was a large seizure at the time, yes.

6 Q. Sorry. More than \$3 million was seized.

7 And it was from Mutum Sigillum's Wells Fargo account,

8 right?

9 A. Correct.

10 Q. And you were notified in advance that Baltimore was going

11 to do that?

12 A. I was told that it had already happened.

13 Q. Right. And no one even in your office had been notified in

14 advance? When I say "your office," I mean Chicago HSI.

15 A. No.

16 Q. And was that money ultimately returned to Mr. Karpeles?

17 A. I don't know its current state right now.

18 Q. And you thought that HSI Baltimore should have deferred

19 that seizure because of your criminal investigation of

20 Mr. Karpeles?

21 A. At the time, yes.

22 Q. Now, despite that and the fact that Mr. Karpeles was

23 already on notice, to a certain extent, that he was on your --

24 not your radar but the U.S. radar -- and I am not being

25 critical, I'm just talking about despite that, in terms of the

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<p>F1fdulb5 Der-Yeghiayan - cross Page 499</p> <p>1 chronology, you prepared a draft affidavit of May 29, 2013 for 2 a search warrant for email of Mr. Karpeles, correct? 3 A. That is correct. 4 Q. And these search warrants would not be on notice to him, 5 correct? They would just be to the provider, and they would 6 provide the information so that he wouldn't necessarily know, 7 right? 8 A. No. The provider -- well, he wouldn't know, yes, that the 9 provider -- 10 Q. So you were doing it in a way that would keep it 11 confidential. Baltimore did it in a way where it would be 12 public. You did it in a way that it was confidential, right? 13 A. Correct. 14 Q. So in your draft, which was prepared for swearing under 15 oath, right? 16 A. That is correct. 17 Q. And you said that Silk Road had been launched in March of 18 2011, right? 19 A. Correct. 20 Q. And that both the marketplace and the online forum were 21 operated by the same administrator? 22 This was your conclusion? 23 A. Yeah, that's what I assumed, yes. 24 Q. And that you had done some -- you talked yesterday about 25 whois.com, w-h-o-i-s.com?</p>	<p>F1fdulb5 Der-Yeghiayan - cross Page 501</p> <p>1 listed to his email address, right? 2 A. That is correct. 3 Q. Ands that he was the administrative -- and that he was in 4 administrative control of Mutum Sigillum since he had acquired 5 it in 2010? 6 A. That is correct. 7 Q. And in February 11, Karpeles bought Mt. Gox, right? I 8 think -- I apologize before for having the wrong date, but 9 February 11th he bought Mt. Gox? 10 A. Around February 2011. 11 Q. If you want to see the draft, I would be happy to have 12 you -- to have it in front of you. 13 A. If I could, yeah. That would helpful. Thank you. 14 (Pause) 15 MR. DRATEL: I apologize but when it printed out, the 16 numbers cut off halfway so sometimes it is hard to tell 8's 17 from 9's. This is 3505-3085 through 3092. Yes. 18 (Handing) 19 THE WITNESS: Thank you. 20 Q. OK. So let's go back to paragraph 18, if you could look at 21 that. 22 A. OK. 23 Q. And you trace more of Mr. Karpeles' sort of electronic 24 footprint as either corporate or personal, right? 25 A. Correct.</p>
<p>F1fdulb5 Der-Yeghiayan - cross Page 500</p> <p>1 A. Who.is, yes. 2 Q. You talked about it yesterday for the purpose of 3 identifying IP addresses or the people behind IP addresses? 4 A. Correct. 5 Q. And in your draft affidavit you talked about the whois.com 6 for the Silk Road -- the searches that you had done for the 7 silkroadmarket.org, right? 8 A. Correct. 9 Q. And when you said before -- oh, withdrawn. 10 That the registration was March 1, 2011, and then that 11 only went through April 13, 2011. And then there was a 12 separate registration through March 30th, right, through 2012, 13 I guess, right? 14 A. There were changes in the hosting administration. 15 Q. There were changes in the postings, right? 16 And that there was something called sta.net, a 17 company, right, that was involved in -- well, withdrawn -- that 18 you concluded from your investigation was involved or connected 19 to the silkroadmarket.org? 20 A. That is correct. 21 Q. And that was registered to Mutum Sigillum? 22 A. I believe so, yes, yeah. 23 Q. Which was Karpeles' company? 24 A. It was. 25 Q. And in fact, he was the contact for Mutum Sigillum; it was</p>	<p>F1fdulb5 Der-Yeghiayan - cross Page 502</p> <p>1 Q. In terms of how you link him through whois.com, other 2 companies, to sta and other companies that are affiliated -- 3 that are connected, through your research and investigation, 4 connected to the silkroadmarket.org? 5 A. That is correct. 6 Q. So, in fact, if you look at 19, in February 2011, 7 Mr. Karpeles buys Mt. Gox, right? 8 A. Sorry, you said 19th? 9 Q. Yes. 10 A. It stopped at 18. 11 Q. What is the last page of that? 12 A. Page 5. 13 Q. On the bottom, 35 -- 14 A. Oh, it is cut off. 03 -- 15 Q. It is double-sided. 16 A. It is still cut off. 03091, 92. 17 (Pause) 18 Q. I'm sorry, paragraph 17. I apologize. 19 A. OK. 20 Q. Do you have 17 there? 21 A. I have 17, yes. 22 Q. So in February 2011 -- so paragraph 17, he buys Mt. Gox in 23 February 2011? 24 A. That is when it is shown, yes. 25 Q. That is a month before Silk Road launches, right?</p>

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<p>F1fdulb5 Der-Yeghiayan - cross Page 503</p> <p>1 A. That is correct.</p> <p>2 Q. And you note there that Mt. Gox handled perhaps as much as</p> <p>3 more than 80 percent of all of the bitcoin exchange in the</p> <p>4 world, right?</p> <p>5 A. That is what they advertised, yes.</p> <p>6 Q. And that was as of April 2013, right?</p> <p>7 A. Yes.</p> <p>8 Q. And, excuse me, part of your theory in terms of your</p> <p>9 investigation was that Silk Road was a device for leveraging</p> <p>10 the value of bitcoin, right?</p> <p>11 A. It appeared so.</p> <p>12 Q. Yes. In other words, that if you had cornered the market</p> <p>13 on bitcoin and could create a site that only used bitcoin and</p> <p>14 everybody used bitcoin, you would drive the price up?</p> <p>15 A. Yes.</p> <p>16 Q. And also get business as an exchange?</p> <p>17 A. Right.</p> <p>18 Q. Now, so based on that, in terms of an affidavit, you were</p> <p>19 prepared to swear that there was probable cause that Mark</p> <p>20 Karpeles was intimately involved as the head of Silk Road?</p> <p>21 A. From the connections that I listed in the affidavit draft,</p> <p>22 yes.</p> <p>23 Q. But he had already been -- he had already had that seizure</p> <p>24 of Mutum Sigillum by the time you had drafted this affidavit,</p> <p>25 right?</p>	<p>F1fdulb5 Der-Yeghiayan - cross Page 505</p> <p>1 Q. Sure.</p> <p>2 (Pause)</p> <p>3 But do you recall whether or not Mr. Ulbricht's name</p> <p>4 was on that list of accounts?</p> <p>5 A. I don't believe that it was.</p> <p>6 Q. And ultimately you created a spreadsheet -- or received a</p> <p>7 spreadsheet from Dwolla with all of the transactions relating</p> <p>8 to Mr. Karpeles, is that right?</p> <p>9 A. It was all the Mutum Sigillum -- I'm sorry, in the Mutum</p> <p>10 Sigillum account for Dwolla for all the transactions that they</p> <p>11 had received and debited, credited and debited.</p> <p>12 Q. That is about a thousand pages long, that --</p> <p>13 A. It was, yeah, a pretty large return.</p> <p>14 Q. And do you recall whether Mr. Ulbricht's name comes up</p> <p>15 there?</p> <p>16 A. It did.</p> <p>17 Q. Right. And there are about 20 transactions, right?</p> <p>18 A. Roughly or so, yes.</p> <p>19 Q. And they are all in the amount of probably like a thousand</p> <p>20 dollars or around there, some less?</p> <p>21 A. Around a thousand dollars. I think one was for like a few</p> <p>22 hundred dollars.</p> <p>23 Q. So nothing large, assuming you mean by "large" more than a</p> <p>24 thousand dollars, when you are talking about large movements of</p> <p>25 money, right?</p>
<p>F1fdulb5 Der-Yeghiayan - cross Page 504</p> <p>1 A. Correct.</p> <p>2 Q. And he was in Japan?</p> <p>3 A. He was in Japan.</p> <p>4 Q. Also, around the same time, in May of 2013, you submitted</p> <p>5 to Dwolla, or subpoenaed from Dwolla, the online payment</p> <p>6 processing company here in the U.S., information about --</p> <p>7 subscriber information for certain accounts that you thought</p> <p>8 were suspicious and related to Silk Road based on the movement</p> <p>9 of bitcoin or money in and out of there, right?</p> <p>10 A. There was a subpoena issued for that, yes.</p> <p>11 Q. And that was because -- well, you thought that there could</p> <p>12 be vendors or operators that you could find with that</p> <p>13 information?</p> <p>14 A. Yes.</p> <p>15 Q. And by "operators," you mean administrators, people who</p> <p>16 were running the site?</p> <p>17 A. Potentially, yes.</p> <p>18 Q. And there was large movement of money -- withdrawn.</p> <p>19 There were large movements of money from Mt. Gox to</p> <p>20 Dwolla accounts?</p> <p>21 A. It showed, yeah, movement of money moving out of Mt. Gox</p> <p>22 through Dwolla.</p> <p>23 Q. And, by the way, on that list I think there were 16 names</p> <p>24 on that list or 16 accounts, do you recall?</p> <p>25 A. I don't. If I could see the --</p>	<p>F1fdulb5 Der-Yeghiayan - cross Page 506</p> <p>1 A. No. There wasn't anything that compared to the other</p> <p>2 accounts, no.</p> <p>3 Q. And those were spread out over a couple of years, right?</p> <p>4 A. I believe so, if memory serves me right.</p> <p>5 Q. In fact, even after Mr. Ulbricht's arrest you went back and</p> <p>6 looked at that, right?</p> <p>7 A. I did.</p> <p>8 Q. Now, you also learned as part of your investigation at some</p> <p>9 point in the summer of 2013 that Baltimore was trying to work</p> <p>10 on an interview with Karpeles through his attorneys, right?</p> <p>11 A. That is correct.</p> <p>12 Q. And they wanted to ask him directly about Silk Road as well</p> <p>13 as his money business, right?</p> <p>14 A. Yes, they wanted to talk to him.</p> <p>15 Q. And you advised against that?</p> <p>16 A. We requested that they did not.</p> <p>17 Q. Right. But they went ahead and met with his lawyers</p> <p>18 July 11, 2013, right?</p> <p>19 A. That sounds about right, yes.</p> <p>20 Q. Not with him but with his lawyers?</p> <p>21 A. With the lawyers.</p> <p>22 Q. And then you say Karpeles' -- withdrawn.</p> <p>23 Karpeles' attorneys brought up Silk Road, right?</p> <p>24 A. That is what I was told.</p> <p>25 Q. And they say that he was willing to tell the government who</p>

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1 he thought was running Silk Road, right?

2 A. That is correct.

3 Q. And for that he would get a walk on his charges, right?

4 A. I don't know what their deal was.

5 Q. That's what he wanted?

6 A. I don't know. I don't know what was discussed then.

7 (Pause)

8 Q. OK. And during this period after this all occurred --

9 withdrawn.

10 So I am going to show you what is marked as 3505-300.

11 (Pause)

12 I am just going to bracket a point here. Just read

13 that to yourself and then when you are done let me know.

14 (Pause)

15 During this period -- I'm sorry. Let me know when you

16 are finished.

17 (Pause)

18 A. OK.

19 Q. During this period you were upset about the work -- about

20 the investigation that Baltimore was pursuing and how they were

21 pursuing it, correct?

22 A. I was upset about it, yes.

23 Q. And you wrote a long memo with a chronology to lay out what

24 had occurred and what the problems you saw were?

25 A. That is correct.

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1 Q. And as part of your investigation as part of your

2 preparation and all of that, you learned that Karpeles' lawyers

3 had made this offer that they would tell the government who was

4 behind Silk Road if he would not be prosecuted for the money

5 exchange charges, which, by the way, had not been instituted,

6 right?

7 A. I'm sorry.

8 Q. He hadn't been charged yet with any money exchange --

9 A. It was just the civil forfeiture, the civil seizure of the

10 money.

11 Q. Right. But in return for not pursuing any potential

12 charges against him, he was willing to give that name up? That

13 was the offer that his lawyers made, that you learned during

14 your investigation?

15 MR. TURNER: Objection. Foundation.

16 THE COURT: Certainly you will answer as to what you

17 know. If you had knowledge of that fact or if your memory is

18 refreshed by something and now recollect something, then you

19 may testify to it.

20 MR. TURNER: Objection. Foundation. Hearsay as well.

21 THE COURT: Why don't you try and rephrase it,

22 Mr. Dratel, and come at it in a different angle.

23 MR. DRATEL: Sure.

24 BY MR. DRATEL:

25 Q. It was crucially important to you at the time to know what

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1 was going on with respect to other pursuits of Karpeles and

2 what was going on with other agencies investigating or other

3 U.S. Attorney's offices investigating him, right?

4 A. Yes.

5 Q. And as part of that you had conversations and read

6 memoranda and were in touch with people who provided to you

7 information about it so that you could pursue your own

8 investigation correctly, right?

9 A. Be more specific. I am sorry.

10 Q. Sure. That you wanted to know what was going on with

11 Baltimore, you wanted to know what was going on with the

12 meeting with Karpeles' attorneys, you wanted to know what was

13 out there because you had your own parallel independent

14 investigation of him going on that could be completely wiped

15 out by what Baltimore was doing?

16 A. Yes. And we had verbal agreements with the attorneys in

17 that district also about that.

18 Q. And so in the course of this and in pursuing your

19 investigation, you learned that Karpeles' lawyers had made that

20 offer to the government?

21 MR. TURNER: Objection.

22 Q. You learned through people either in Baltimore or at HSI in

23 Chicago?

24 MR. TURNER: Objection. Hearsay.

25 THE COURT: Sustained.

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1 MR. DRATEL: I will just say Rule 807.

2 THE COURT: You know, I think now is a good time to

3 take our mid-afternoon break so that we can take up this

4 evidentiary matter while you folks stretch your legs.

5 So let's take our mid-afternoon break. We'll come

6 back in about -- probably about 12 minutes. I want to remind

7 you not to talk to each other or anybody else about this case.

8 Thank you.

9 And you could take a break, too.

10 THE WITNESS: Thank you, your Honor.

11 (Continued on next page)

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